

**University of Pennsylvania**  
**Current Quarter Model of the United States Economy**

**FORECAST SUMMARY**

by Lawrence R. Klein and Wendy Mak

At the University of Pennsylvania, in cooperation with Global Insight, we have established statistical relationships between some 75 monthly economic and financial indicators and the main entries in the quarterly national income and product accounts (NIPA). This is a purely econometric system with no personal data adjustment. We update, on a weekly basis, partial information on the United States economy from high-frequency indicators, as they become available, and revise our current (and next) quarter forecasts, on a forward rolling basis.

In addition to economic forecasting at high-frequency intervals, our Current Quarter Model features the combination of GDP forecasts from three approaches -- from bridge equations of both the product (expenditure) side and the income side of the NIPA, and from regressions of GDP on the principal components of selected major indicators.

### ***The Week's Economic Highlights***

- Declining interest rates in several countries have not been attracting enough to stimulate fixed capital formation on a large scale. There has been a liquidity crisis because major banks have not been convinced that loans on an increasing scale are appropriate now.
- A change in this situation may be taking place in the near future, but the settlement of the political contest for the US presidency still leaves the world economy without decisive leadership until early in 2009.
- The US trade balances, especially, in constant price terms, continues to be favorable, quarter after quarter, but it cannot carry the total burden.
- Consumer credit has yet to carry an important slice of the recovery burden.
- Although the unemployment data received some help in early October, in the form of new claims for unemployment insurance, the labor market is not in good condition at this time.
- The exchange value of the US dollar is not yet secure for signaling a turnaround in the US economy, a rising trend of exchange rate strength is not yet in sight.
- The victor in the political context being waged; will have to devote much more attention to building up international economic performance as soon as possible. This will be a major area of concern for many weeks in economic policy development.
- The outcome of the third quarter economic performance is known to some extent from hindsight, but not yet in strict numerical values. The policies that affect fourth-quarter values are not yet in place. After the elections, the new Administration will not be implementing significant influence, and the newly elected Administration will not be able to influence the economy until 2009 begins.
- We have therefore produced an auxiliary projection for the final quarter, involving a cut-back in car production, continuing weakness in residential investment and in business investment. Some key tables indicate how these later considerations could lead to a slightly larger decline in fourth-quarter results. (Pages 21-22)

**FORECAST UPDATE OVERVIEW**

This forecast incorporates the following National Income and Product Accounts:

SEP 26 GDP (based on Chain 2000 Weights) for 2008Q2: 2.8%  
 SEP 29 Personal Income and Consumption for August: 0.5%, 0.0%

The latest CQM forecast incorporates new monthly economic indicators (marked in red) that were not included in the previous forecast

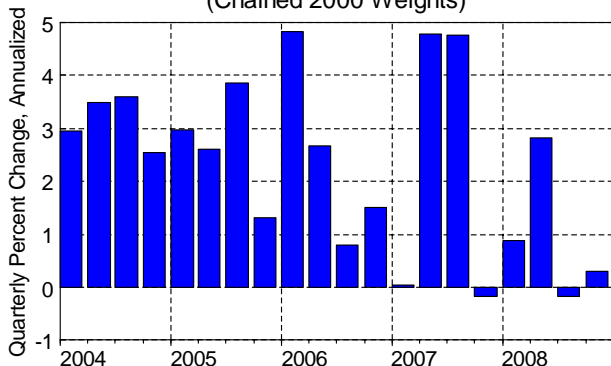
Date	Economic Indicator	for	Latest	Prior Month
Oct 01	Construction Spending	August	0.0%	-1.4%
Oct 03	Nonfarm Payroll Employment	September	-159,000	-73,000
Oct 01	Auto Sales	September	12.5 Million	13.7 Million
<b>Oct 07</b>	<b>Consumer Credit Outstanding</b>	<b>August</b>	<b>-\$7.9 billion</b>	<b>\$5.2 billion</b>
<b>Oct 10</b>	<b>Export/Import Price Index</b>	<b>September</b>	<b>-1.0%, -3.0%</b>	<b>-1.7%, -2.6%</b>
Sep 19	Producer Price Index, Total & Core	August	-0.9%, 0.2%	1.2%, 0.7%
Sep 13	Retail Sales, Total & Ex-Auto	August	-0.3%, -0.7%	-0.5%, 0.3%
Sep 15	Industrial Production	August	-1.1%	0.1%
Sep 13	Business Inventories	July	1.1%	0.8%
Sep 16	Consumer Price Index, Total & Core	August	-0.1%, 0.2%	0.8%, 0.3%
Sep 17	Housing Starts	August	895,000	954,000
<b>Oct 10</b>	<b>Trade Balance</b>	<b>August</b>	<b>-\$59.1 billion</b>	<b>-\$61.3 billion</b>
Sep 26	Durable Goods Orders & Shipments	August	-4.8%, -3.8%	0.7%, 2.2%
Oct 02	Manuf Ships, Inv, & Orders	August	-3.5%, 0.6%, -4.0%	1.4%, 0.6%, 0.7%

Weekly forecasts of the quarterly percent change (SAAR) of Real GDP and quarterly percent change (SAAR) of the (Chain-Type) Price Index of Personal Consumption Expenditures:

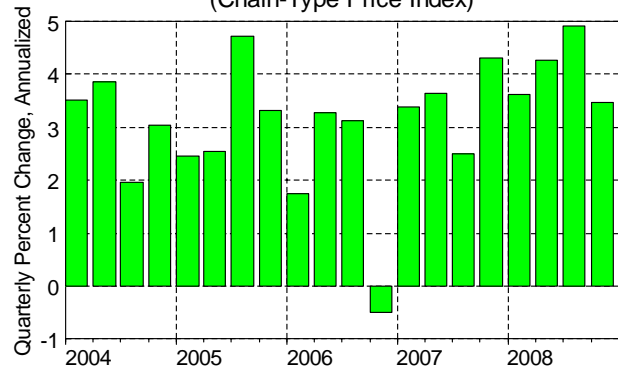
	Real GDP				PCE Price Index				Official Release	
	08Q1	08Q2	08Q3	08Q4	08Q1	08Q2	08Q3	08Q4		
Jun 09	0.95	1.65	0.60		3.52	3.16	3.80			
Jun 16	0.95	1.72	0.46		3.52	3.80	4.50			
Jun 23	0.95	1.46	0.12		3.56	3.80	4.50			
Jun 30	<b>0.96</b>	2.07	0.88		<b>3.61</b>	3.80	4.50		<=3 <sup>rd</sup>	08Q1
Jul 07		2.32	0.95			3.80	4.50			
Jul 14		2.22	0.74			3.80	4.50			
Jul 21		1.95	0.01			4.27	6.06			
Jul 28		1.95	0.01			4.27	6.06			
Aug 11	<b>0.87</b>	<b>1.89</b>	1.30	0.15	<b>3.61</b>	<b>4.21</b>	5.28	4.45	<=1 <sup>st</sup>	08Q2
Aug 18		2.78	0.72	-0.05		4.35	6.01	4.77		
Aug 25		2.77	0.68	-0.07		4.35	6.01	4.77		
Sep 01		<b>3.28</b>	0.28	-0.05		<b>4.21</b>	6.01	4.77	<=2 <sup>nd</sup>	08Q2
Sep 08		3.27	0.62	0.12		4.25	6.01	4.77		
Sep 15		3.25	0.58	0.56		4.25	6.01	4.77		
Sep 22		3.36	1.18	1.22		4.25	4.92	3.47		
Sep 29		<b>2.83</b>	0.24	0.41		<b>4.26</b>	4.92	3.47	<=3 <sup>rd</sup>	08Q2
Oct 06			-0.25	0.32			4.95	3.47		
Oct 13			-0.18	0.31			4.92	3.47		

Official figures released by the Department of Commerce are in blue.

**Real GDP**  
(Chained 2000 Weights)



**Consumption Price Inflation**  
(Chain-Type Price Index)



# High Frequency Indicators

## The Week in Review (October 6 - 10)

### Federal Reserve's Interest Rate Cut

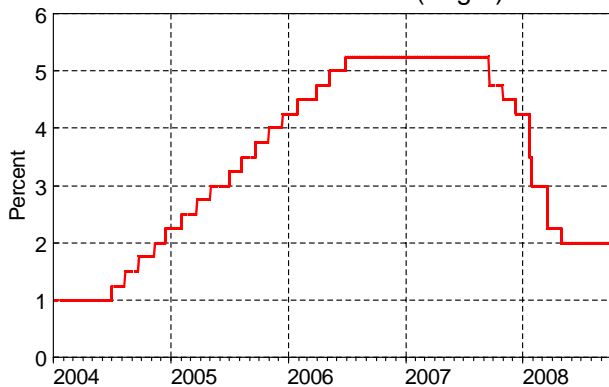
In the face of a global economic downturn, the Federal Reserve and other central banks joined on October 8<sup>th</sup> to lower short-term interest rates.

The Federal Reserve cut the target for the federal funds rate by 50 basis points to 1.5%.

Meanwhile, the European Central Bank lowered its key rate to 3.75%, from 4.25%, and the Bank of England cut its benchmark short-term interest rate to 4.5%, from 5%. Other central banks which joined the rate cut included the Bank of Canada, Sveriges Riksbank, and the Swiss National Bank.

In their joint statement, the Central Banks noted that "throughout the current financial crisis, central banks have engaged in continuous close consultation and have cooperated in unprecedented joint actions such as the provision of liquidity to reduce strains in financial markets."

Federal Funds Rate (target)



### International Trade Balance

In August, the monthly trade deficit narrowed 3.5%, to \$59.1 billion. The July trade deficit was revised smaller, to \$61.3 billion.

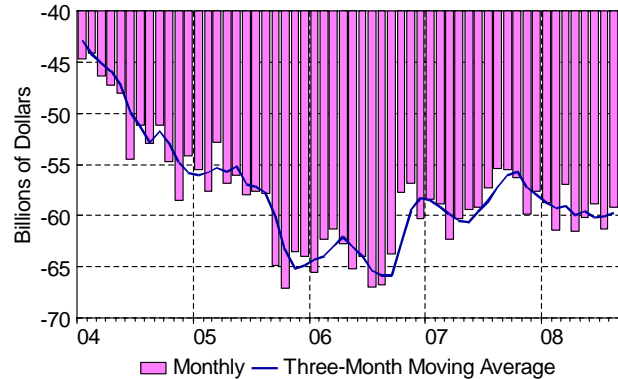
Exports in August fell 2.0%, the biggest monthly decline in more than four years. Meanwhile, imports dropped 2.4%.

Goods exports fell 2.6% to \$117.6 billion. Export declines were particularly strong for industrial supplies, consumer goods and autos.

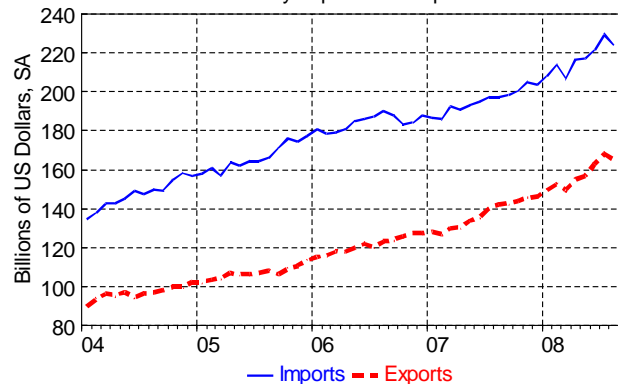
Meanwhile, goods imports were down 3.3% to \$188.5 billion. Imports of autos dropped to their lowest level in

three years. Import declines were also strong for capital goods and petroleum.

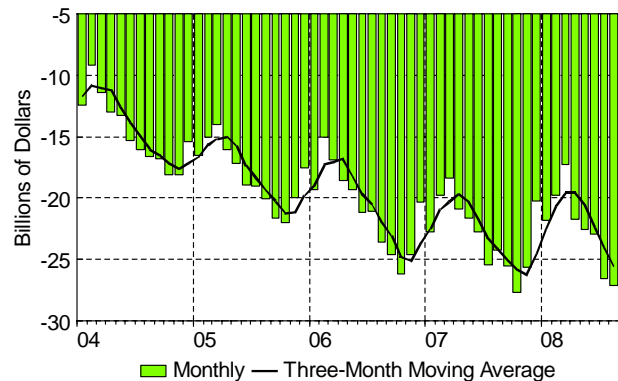
Trade Balance



Monthly Exports and Imports



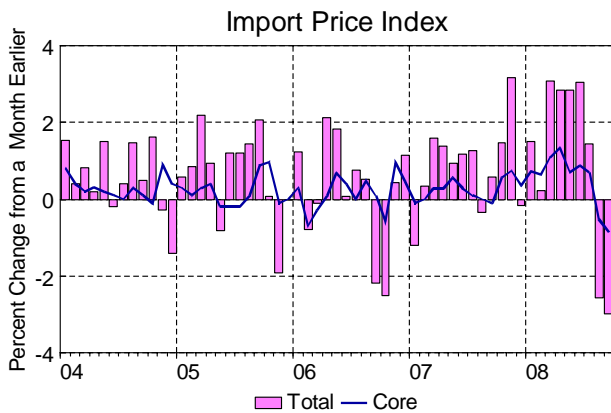
Trade Balance with China



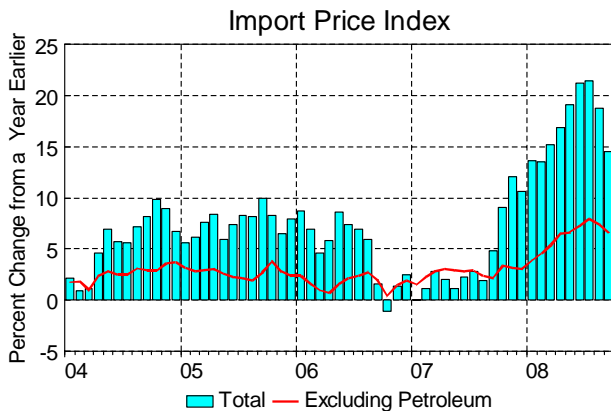
The trade deficit with China widened to \$25.3 billion, with imports from China surging to a record high.

**Import Price Index**

In September, the import price index fell 3%, following a 2.6% decline in the previous month. Prices of imported petroleum dropped 9%, the biggest monthly drop in two years. Prices of imported natural gas were down 15.6%. Excluding petroleum, the import price index was down 0.5%, the first monthly decline in more than 1½ years.



Despite the monthly decline, the import price index rose 14.5% from a year ago.

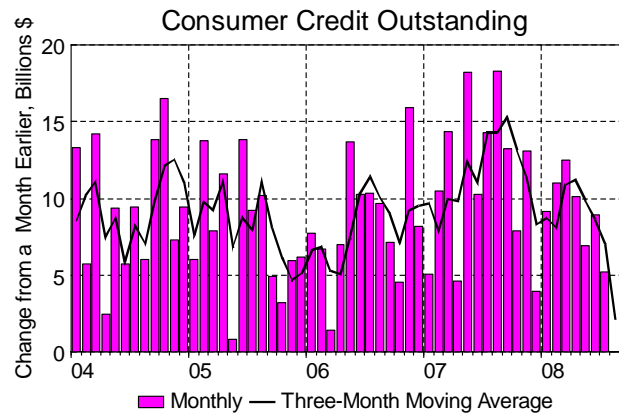


In the same month, the export price index fell 1%, the second consecutive monthly decline. Export prices of agricultural products were down 0.3%, while prices of non-agricultural exports dropped 1%.

**Consumer Credit Outstanding**

In August, consumer credit outstanding fell \$7.9 billion (3.7%) from a month ago, to \$2.58 trillion.

Non-revolving consumer credit dropped 5.4% (\$7.3 billion) to \$1.61 trillion. Meanwhile, revolving credit inched down 0.8% (\$612 million).

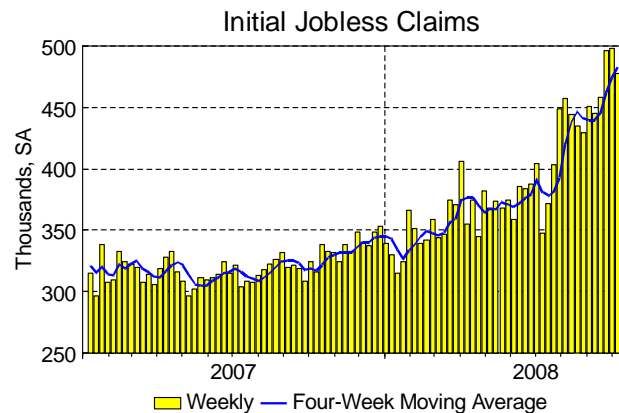


**Initial Jobless Claims**

For the week ending October 4, initial jobless claims fell 20,000 to 478,000. This was the first weekly decline following prior weeks' increases, due to the impact of the hurricanes. The previous week's claims figure was revised up by 1,000.

The four-week moving average of claims rose 8,250 to 482,500, the highest in more than seven years.

The number of insured unemployed rose to 3.56 million, for the week ending September 27, a five-year high.

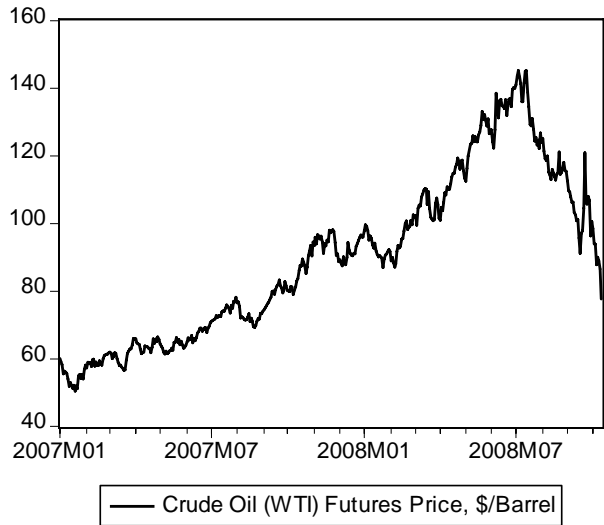
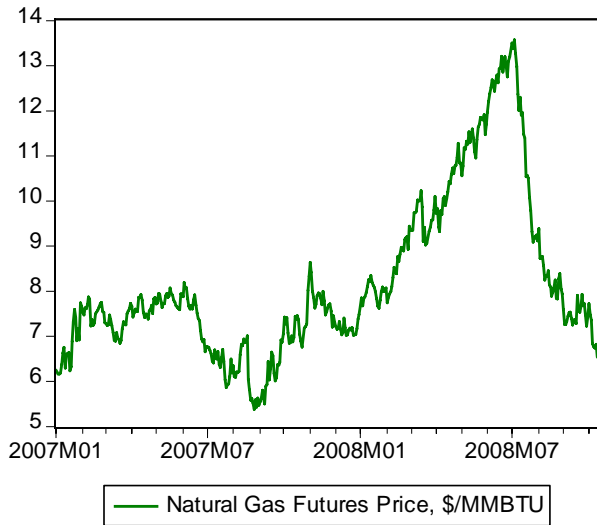
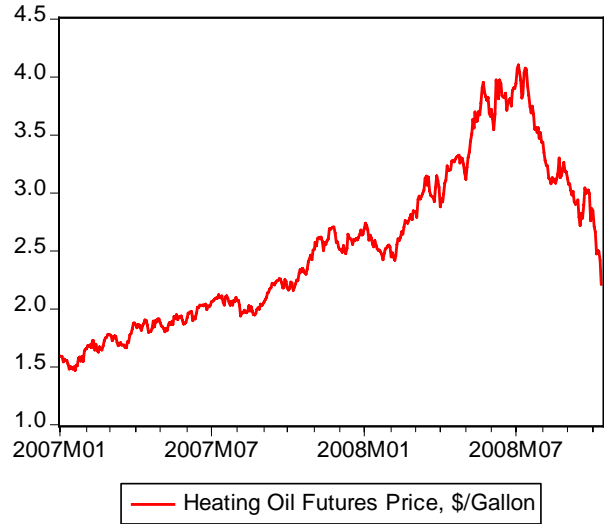
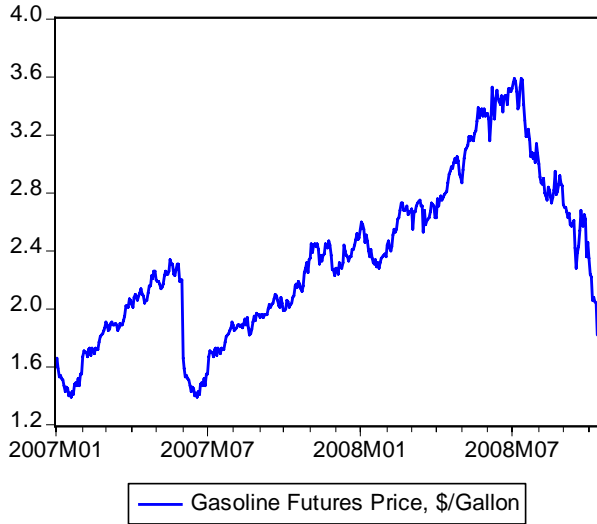


### Energy Prices

Despite the US government's \$700 billion bailout package and the Central Banks' coordinated interest rate cut, market participants were less than enthusiastic about the near term economic outlook. Energy prices fell one day after another in recent trading. The strength of the US dollar also put some downward pressure on energy prices.

By Friday's market close, oil prices traded at \$77.7 per barrel, down \$16.2 from a week ago.

Prices of other energy commodities were also lower this week. Prices of heating oil were down 45 cents to \$2.21 per gallon. Prices of gasoline fell 42 cents to \$1.81 per gallon. Prices of natural gas dropped 82 cents to \$6.54 per mmbtu.

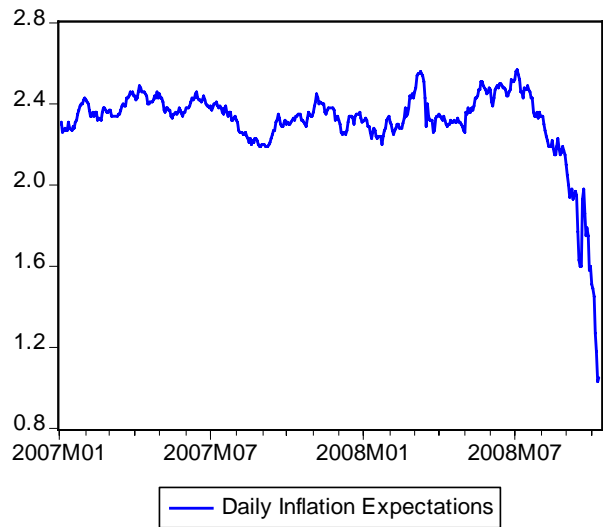
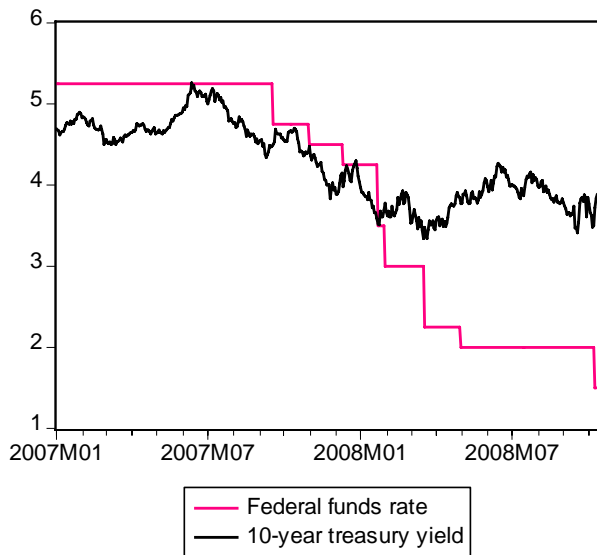
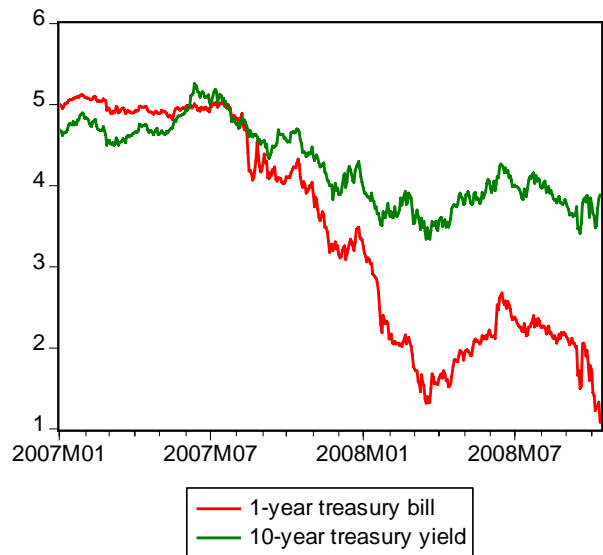
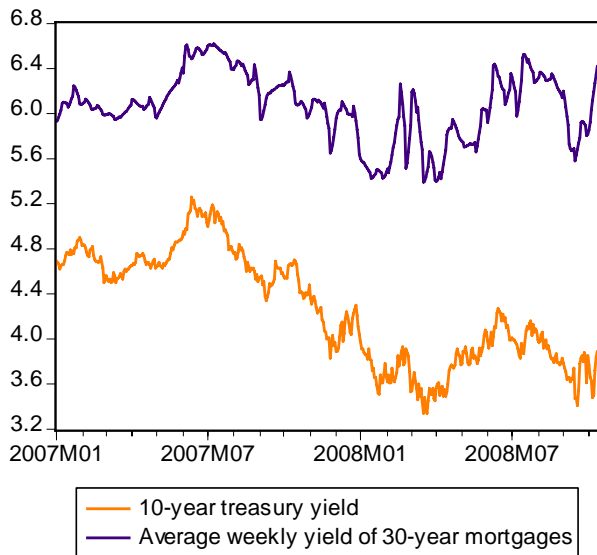


**Interest Rates**

As stock prices plunged sharply throughout the week, safe-haven demand for treasuries strengthened significantly. Treasury prices soared, pushing their yields lower. Comparing the week's close, treasury yields were higher, mainly due to the daily fluctuations in uncertain times.

The two-year treasury closed Friday at 1.63%, up 11 basis points from a week ago. Meanwhile, the ten-year treasury traded at 3.87%, by the week's close, up 31 basis points from a week earlier.

The upward pressure on daily inflation expectations (yield on unprotected minus yield on protected 10-year bonds) stood at 0.91%, down 54 basis points.

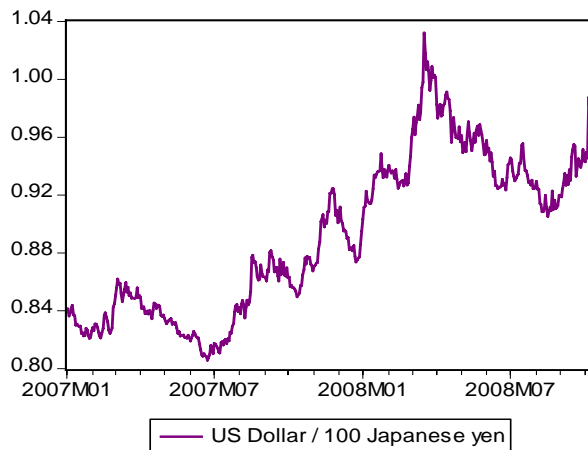
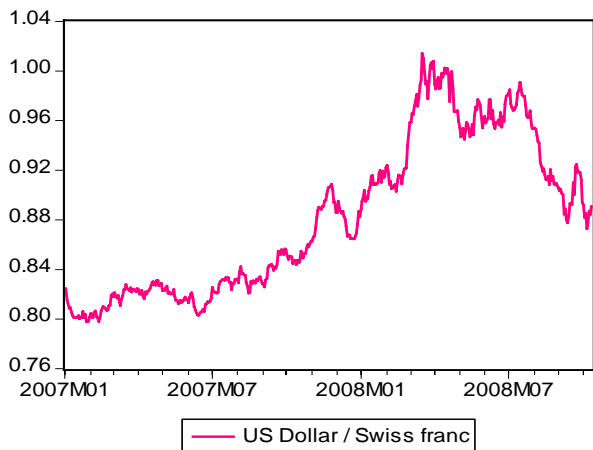
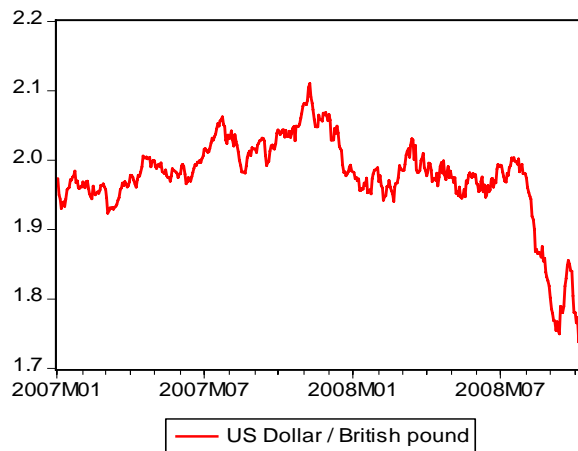
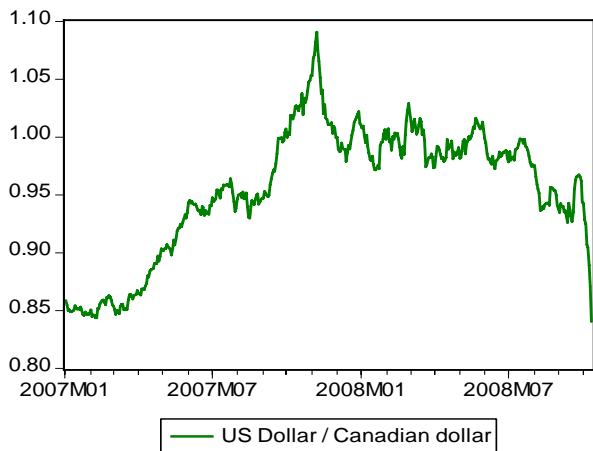
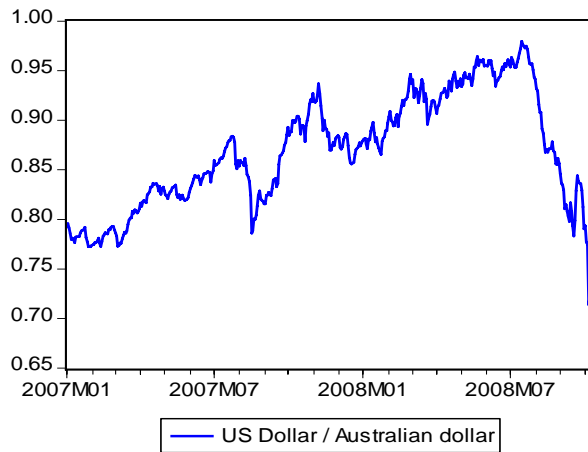
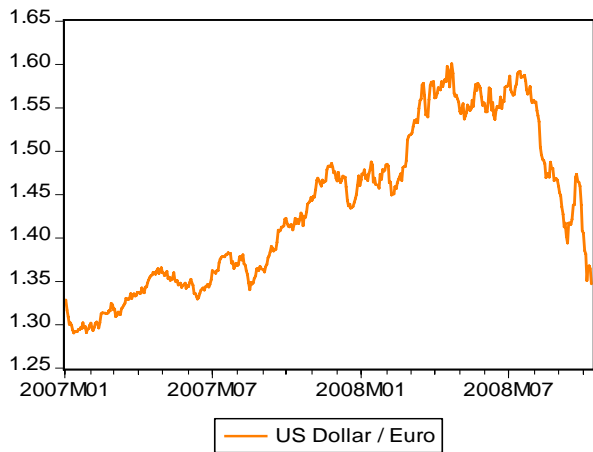


**Currency Markets**

Although the outlook for the US economy was weak, market participants also worried about slower performance in the European economies. Meanwhile, strong demand for US treasuries supported a stronger trading value for the US dollar. By Friday's market close, the US dollar traded at US\$1.36 per euro, up 0.3% from a week ago. The US dollar also jumped against the British pound. It rose 2.9% against the British currency to trade at US\$1.7132 per pound by the week's close.

Meanwhile, the US dollar rose 7% against the Canadian dollar, to 85.53 US cents per Canadian dollar.

Meanwhile, the US dollar lost about 4 yen, to 100.641 yen per US dollar. The Bank of Japan did not participate in Wednesday's coordinated rate cut.



## The Week in Preview (October 13 - 17)

Date	Economic Indicator	For	Market Consensus	Prior Month
Oct 15	Producer Price Index, total	September	-0.3%	-0.9%
Oct 15	Producer Price Index, core	September	0.2%	0.2%
Oct 15	Empire State Index	October	-10.0	-7.4
Oct 15	Retail Sales, total	September	-0.4%	-0.3%
Oct 15	Retail Sales, excluding Autos	September	0.1%	-0.7%
Oct 15	Business Inventories	August	0.4%	1.1%
Oct 16	Consumer Price Index, total	September	0.1%	-0.1%
Oct 16	Consumer Price Index, core	September	0.2%	0.2%
Oct 16	Industrial Production	September	-0.8%	-1.1%
Oct 16	Capacity Utilization Rate	September	78.0%	78.7%
Oct 16	Philadelphia Fed Index	October	-5.0	3.8
Oct 17	Housing Starts	September	880,000	895,000
Oct 17	Building Permits	September	845,000	854,000
Oct 17	Consumer Sentiment Index	October	69.0	70.3

### Current Quarter Forecasts

In the third quarter, our forecast for real GDP is expected to decrease 0.18% (SAAR), to be followed by a 0.31% increase in the fourth quarter of 2008.

The GDP deflator is projected to increase 3.35% in the third quarter (SAAR), and 3.68% in the fourth quarter of 2008.

Nominal GDP is forecasted to total US\$14.4 trillion in the third quarter, to be followed by US\$14.6 trillion in the fourth quarter of 2008. This amounts to 3.37% (SAAR) expansion in the third quarter and 4.35% increase in the fourth quarter of 2008.

### CQM Forecast Assumption

In our forecast, we have incorporated the assumption that federal government spending will increase by \$100 billion in the fourth quarter, due to the \$700 billion bailout plan.

### New Projections

A methodological concept for high-frequency forecasting is to revise forecasts by using new observations as soon as they are available. In the general pattern of BEA releases on NIPA sequences, there are 3 reports every quarter – advance, preliminary, and final. We are now making fresh estimates of GDP and consumer price rates of change by re-estimating quarterly values for the preliminary and final estimates prior to their official release dates. You will find our final projection values on page 2 of this report for the weeks of Jun 9<sup>th</sup>-23<sup>rd</sup>, Aug 18<sup>th</sup>-25<sup>th</sup>, and Sep 8<sup>th</sup>-29<sup>th</sup>.

If you have any questions, please contact Wendy Mak at (202) 955-5520 or wendymak@sas.upenn.edu

## FORECAST SUMMARY TABLE

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	2008Q2 Actual	2008Q3 Forecast
<b>PRODUCTION</b>								
Nonfarm Payroll Employment (Mil)	137.764	137.717	137.617	137.550	137.477	137.318	137.699	137.448
+ Difference	-0.067	-0.047	-0.100	-0.067	-0.073	-0.159	-0.218	-0.251
% Change, Annual Rate	-0.6	-0.4	-0.9	-0.6	-0.6	-1.4	-0.6	-0.7
% Change, Year Ago	0.3	0.1	-0.0	-0.1	-0.2	-0.4	0.1	-0.2
<b>DEMAND AND SPENDING</b>								
Retail Sales (Bil\$)	342.73	345.43	345.64	343.62	342.53	345.96	344.60	344.04
% Change	0.1	0.8	0.1	-0.6	-0.3	1.0		
% Change, Annual Rate	1.3	9.8	0.7	-6.8	-3.7	12.7	3.3	-0.6
% Change, Year Ago	2.6	1.7	2.9	1.9	1.3	1.9	2.4	1.7
<b>PRICES</b>								
PPI, Finished Goods (1982=100)	176.1	178.5	181.7	183.9	182.2	183.2	178.8	183.1
% Change	0.3	1.4	1.8	1.2	-0.9	0.6		
% Change, Annual Rate	3.5	17.6	23.8	15.5	-10.5	7.0	10.6	10.1
% Change, Year Ago	6.4	7.2	9.1	9.8	9.7	9.7	7.6	9.7
CPI, All-Urban (1982-84=100)	213.7	215.1	217.4	219.2	218.9	219.5	215.4	219.2
% Change	0.2	0.6	1.1	0.8	-0.1	0.3		
% Change, Annual Rate	2.5	8.1	13.4	10.3	-1.6	3.4	5.0	7.2
% Change, Year Ago	3.9	4.1	4.9	5.5	5.4	5.3	4.3	5.4
Housing Starts (Mil)	1.004	0.982	1.089	0.954	0.895	0.941	1.025	0.930
% Change	1.6	-2.2	10.9	-12.4	-6.2	5.1		
% Change, Annual Rate	21.3	-23.3	245.9	-79.6	-53.5	81.8	-10.2	-32.3
% Change, Year Ago	-32.5	-31.6	-25.3	-30.4	-33.1	-20.6	-29.8	-28.3
Industrial Production Index (2002=	111.44	111.28	111.51	111.57	110.30	110.11	111.41	110.66
% Change	-0.5	-0.1	0.2	0.1	-1.1	-0.2		
% Change, Annual Rate	-6.0	-1.7	2.5	0.7	-12.8	-2.0	-3.1	-2.7
% Change, Year Ago	0.4	0.3	0.1	-0.4	-1.5	-1.9	0.3	-1.3
New Orders for Manufactured Goods	445.92	450.03	459.58	462.99	444.37	453.42	451.84	453.59
% Change	1.3	0.9	2.1	0.7	-4.0	2.0		
% Change, Annual Rate	16.7	11.7	28.6	9.3	-38.9	27.4	14.8	1.6
% Change, Year Ago	4.0	5.4	7.5	4.7	4.2	6.6	5.6	5.2
Nondefense Capital Goods Shipments	67.88	67.71	68.19	69.05	66.82	67.99	67.93	67.95
% Change	1.8	-0.2	0.7	1.2	-3.2	1.8		
% Change, Annual Rate	23.8	-2.9	8.9	16.0	-32.5	23.2	3.4	0.1
% Change, Year Ago	2.9	1.7	2.9	4.2	-1.0	0.2	5.6	5.2
Sales of Domestic Passenger Cars (	4.95	5.27	4.88	4.44	4.49	4.32	5.03	4.42
% Change	-0.8	6.6	-7.5	-9.0	1.2	-3.8		
% Change, Annual Rate	-9.7	114.2	-60.6	-67.6	15.3	-37.2	-1.4	-40.5
% Change, Year Ago	-2.8	-3.8	-7.0	-11.1	-13.1	-16.7	-4.5	-13.7
Business Inventories (Bil\$)	1474.25	1479.77	1490.87	1508.58	1516.69	1524.90	1481.63	1516.72
% Change	0.5	0.4	0.8	1.2	0.5	0.5		
% Change, Year Ago	5.3	5.3	5.7	6.5	6.8	6.8	5.4	6.7
+ Difference, Annual Rate	81.4	66.2	133.3	212.4	97.3	98.5	73.3	140.4
<b>EXTERNAL SECTOR</b>								
Merchandise Trade Balance, Census	-70.58	-70.81	-69.80	-72.26	-69.19	-71.15	-844.78	-850.40
+ Difference	-4.3	-0.2	1.0	-2.5	3.1	-2.0		
+ Difference, Annual Rate	-51.3	-2.7	12.1	-29.5	36.8	-23.5	-25.65	-5.61
+ Difference, year ago	-4.3	-4.7	-2.9	-6.7	-4.6	-6.4		

**FORECAST SUMMARY**  
**GROSS DOMESTIC PRODUCT**  
**Billions of (Chained 2000) Dollars, S.A.A.R.**

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
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<b>Real GDP</b>					
(i) Expenditure Side GDP	11620.7	11646.0	11727.4	11715.0	11744.4
% Previous Q, A.R.	-0.17	0.87	2.83	-0.42	1.01
% Year before	2.33	2.54	2.05	0.77	1.06
(ii) Income Side GDP	11620.7	11646.0	11727.4	11729.2	11694.4
% Previous Q, A.R.	-0.17	0.87	2.83	0.06	-1.18
% Year before	2.33	2.54	2.05	0.89	0.63
(iii) Principal Components est. GDP	11620.7	11646.0	11727.4	11722.2	11754.7
% Previous Q, A.R.	-0.17	0.87	2.83	-0.18	1.11
% Year before	2.33	2.54	2.05	0.83	1.15
<b>Average Real GDP</b>	11620.7	11646.0	11727.4	11722.1	11731.2
% Previous Q, A.R.	-0.17	0.87	2.83	-0.18	0.31
% Year before	2.33	2.54	2.05	0.83	0.95
<b>GDP Deflator (2000=100)</b>					
(i) Expenditure Side PGDP	120.8	121.6	122.0	123.0	124.2
% Previous Q, A.R.	2.84	2.63	1.12	3.41	3.99
% Year before	2.62	2.25	2.02	2.50	2.78
(ii) Income Side PGDP: Same as (i)	120.8	121.6	122.0	123.0	124.2
% Previous Q, A.R.	2.84	2.63	1.12	3.41	3.99
% Year before	2.62	2.25	2.02	2.50	2.78
(iii) Principal Components est. PGDP	120.8	121.6	122.0	122.9	123.8
% Previous Q, A.R.	2.84	2.63	1.12	3.21	3.04
% Year before	2.62	2.25	2.02	2.45	2.50
<b>Average GDP Deflator</b>	120.8	121.6	122.0	123.0	124.1
% Previous Q, A.R.	2.84	2.63	1.12	3.35	3.68
% Year before	2.62	2.25	2.02	2.48	2.69
<b>Nominal GDP</b>					
(i) Expenditure Side GDP\$	14031.2	14150.8	14294.5	14407.0	14622.5
% Previous Q, A.R.	2.33	3.45	4.12	3.19	6.12
% Year before	4.94	4.74	4.05	3.27	4.21
(ii) Income Side GDP\$	14031.2	14150.8	14294.5	14424.4	14523.1
% Previous Q, A.R.	2.33	3.45	4.12	3.68	2.77
% Year before	4.94	4.74	4.05	3.40	3.51
(iii) Principal Components est. GDP\$	14031.2	14150.8	14294.5	14408.8	14557.3
% Previous Q, A.R.	2.33	3.45	4.12	3.24	4.19
% Year before	4.94	4.74	4.05	3.28	3.75
<b>Average Nominal GDP</b>	14031.2	14150.8	14294.5	14413.4	14567.6
% Previous Q, A.R.	2.33	3.45	4.12	3.37	4.35
% Year before	4.94	4.74	4.05	3.32	3.82

## EXPENDITURE SIDE

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## Real Gross Domestic Product

2007Q4 2008Q1 2008Q2 2008Q3 2008Q4

Billions of Chained (2000) Dollars, SAAR

Gross Domestic Product	11620.70	11646.00	11727.40	11715.03	11744.40
Total Demand	13587.20	13608.60	13653.40	13649.65	13711.47
Domestic Demand	12103.20	12105.80	12102.60	12042.37	12021.50
Domestic Final Demand	12109.80	12113.30	12153.00	12070.43	12051.50
Final Demand	11628.00	11653.70	11778.80	11721.81	11763.75
Personal Consumption Expenditures	8298.20	8316.06	8341.33	8301.88	8297.35
Durable Goods	1250.58	1237.01	1228.29	1185.24	1196.42
Nondurable Goods	2400.16	2397.94	2420.72	2407.53	2385.75
Services	4676.10	4704.35	4712.13	4718.68	4730.04
Gross Private Domestic Investment	1781.30	1754.70	1702.00	1678.55	1662.71
Fixed Investment	1788.20	1762.40	1754.90	1706.54	1692.71
Nonresidential	1414.70	1423.10	1431.80	1390.77	1392.99
Equipment and Software	1090.13	1088.61	1074.74	1020.44	1020.71
Structures	319.69	326.36	340.48	344.61	345.99
Residential	411.60	383.00	369.60	359.47	344.66
Change In Business Inventories	-8.10	-10.20	-50.60	-28.02	-30.00
Farm	10.50	6.00	2.40	-1.53	-0.64
Nonfarm	-20.59	-17.93	-55.10	-26.50	-29.36
Net Exports	-484.50	-462.00	-381.30	-348.48	-287.73
Exports	1482.10	1500.60	1544.70	1607.37	1690.00
Imports	1966.50	1962.60	1926.00	1955.85	1977.73
Government Purchases	2029.40	2039.10	2058.90	2061.87	2061.43
Federal	761.70	772.60	785.00	786.31	786.03
State and Local	1267.50	1266.70	1274.40	1275.57	1275.40

Percent Change, Annual Rate

Gross Domestic Product	-0.17	0.87	2.83	-0.42	1.01
Total Demand	-0.48	0.63	1.32	-0.11	1.82
Domestic Demand	-1.05	0.09	-0.11	-1.98	-0.69
Domestic Final Demand	-0.14	0.12	1.32	-2.69	-0.63
Final Demand	0.80	0.89	4.36	-1.92	1.44
Personal Consumption Expenditures	0.95	0.86	1.22	-1.88	-0.22
Durable Goods	0.38	-4.27	-2.79	-13.30	3.83
Nondurable Goods	0.26	-0.37	3.85	-2.16	-3.57
Services	1.41	2.44	0.66	0.56	0.97
Gross Private Domestic Investment					
Fixed Investment	-6.19	-5.65	-1.69	-10.58	-3.20
Nonresidential	3.41	2.40	2.47	-10.98	0.64
Equipment and Software	0.98	-0.56	-5.00	-18.73	0.10
Structures	8.54	8.61	18.47	4.94	1.61
Residential	-27.01	-25.03	-13.28	-10.52	-15.49
Exports	4.41	5.09	12.28	17.24	22.20
Imports	-2.31	-0.79	-7.25	6.35	4.55
Government Purchases	0.81	1.93	3.94	0.58	-0.09
Federal	-0.52	5.85	6.58	0.67	-0.14
State and Local	1.56	-0.25	2.45	0.37	-0.05

## EXPENDITURE SIDE

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## Nominal Gross Domestic Product

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Billions of Dollars, SAAR					
Gross Domestic Product	14031.20	14150.80	14294.50	14407.01	14622.45
Total Demand	16487.70	16677.30	16935.90	17148.68	17453.86
Domestic Demand	14728.00	14856.60	15012.70	15128.29	15338.80
Domestic Final Demand	14749.00	14882.20	15088.70	15162.81	15376.18
Final Demand	14052.30	14176.40	14370.50	14441.54	14659.84
Personal Consumption Expenditures	9892.72	10002.33	10138.01	10212.30	10294.15
Durable Goods	1083.01	1071.05	1059.27	1022.17	1030.82
Nondurable Goods	2906.24	2950.73	3026.25	3059.18	3055.46
Services	5903.47	5980.56	6052.50	6130.94	6207.87
Gross Private Domestic Investment	2092.30	2056.10	2000.90	1993.18	1984.09
Fixed Investment	2113.40	2081.70	2077.00	2027.71	2021.48
Nonresidential	1542.10	1553.60	1571.90	1538.71	1553.39
Equipment and Software	1033.41	1030.90	1022.07	975.30	979.96
Structures	508.71	522.73	549.83	563.42	573.43
Residential	571.30	528.10	505.00	488.99	468.09
Change In Business Inventories	-21.10	-25.60	-76.00	-34.53	-37.39
Farm	5.70	0.20	-4.10	-1.88	-0.80
Nonfarm	-26.73	-25.83	-71.89	-32.65	-36.58
Net Exports	-696.70	-705.70	-718.20	-721.27	-716.34
Exports	1759.70	1820.80	1923.20	2020.39	2115.06
Imports	2456.50	2526.50	2641.40	2741.67	2831.41
Government Purchases	2742.90	2798.10	2873.70	2922.81	3060.55
Federal	998.30	1026.50	1056.10	1067.35	1178.42
State and Local	1744.60	1771.60	1817.60	1855.47	1882.13

## Percent Change, Annual Rate

Gross Domestic Product	2.33	3.45	4.12	3.19	6.12
Total Demand	3.46	4.68	6.35	5.12	7.31
Domestic Demand	2.62	3.54	4.27	3.12	5.68
Domestic Final Demand	3.86	3.66	5.67	1.98	5.75
Final Demand	3.63	3.58	5.59	1.99	6.18
Personal Consumption Expenditures	5.31	4.51	5.54	2.96	3.24
Durable Goods	-1.18	-4.35	-4.33	-13.29	3.43
Nondurable Goods	8.65	6.27	10.64	4.42	-0.49
Services	4.93	5.33	4.90	5.29	5.11
Gross Private Domestic Investment	-12.61	-6.74	-10.31	-1.53	-1.81
Fixed Investment	-5.06	-5.87	-0.90	-9.16	-1.22
Nonresidential	5.14	3.02	4.80	-8.18	3.87
Equipment and Software	1.34	-0.97	-3.38	-17.09	1.93
Structures	13.44	11.49	22.40	10.26	7.30
Residential	-27.02	-26.99	-16.38	-12.09	-16.03
Exports	10.87	14.63	24.47	21.80	20.10
Imports	10.21	11.89	19.47	16.07	13.75
Government Purchases	5.96	8.30	11.25	7.01	20.23
Federal	1.74	11.79	12.04	4.33	48.59
State and Local	8.47	6.34	10.80	8.60	5.87

## EXPENDITURE SIDE

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## Gross Domestic Product Chain-Type Price Index

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Index 2000=100					
Gross Domestic Product	120.83	121.61	121.95	122.98	124.19
Total Demand	121.35	122.55	124.04	125.63	127.29
Domestic Demand	121.77	122.82	124.10	125.62	127.59
Domestic Final Demand	121.80	122.86	124.16	125.61	127.59
Final Demand	120.86	121.65	122.01	123.20	124.62
Personal Consumption Expenditures	119.22	120.28	121.54	123.01	124.07
Durable Goods	86.60	86.58	86.24	86.24	86.16
Nondurable Goods	121.09	123.06	125.02	127.07	128.07
Services	126.25	127.13	128.45	129.93	131.24
Gross Private Domestic Investment	117.96	117.82	117.93	118.73	119.33
Fixed Investment	118.19	118.12	118.35	118.82	119.42
Nonresidential	109.02	109.18	109.79	110.64	111.51
Equipment and Software	94.80	94.70	95.10	95.58	96.01
Structures	159.14	160.18	161.50	163.49	165.73
Residential	138.80	137.90	136.69	136.03	135.81
Exports	118.79	121.40	124.56	125.70	125.15
Imports	124.91	128.72	137.14	140.18	143.16
Government Purchases	135.17	137.24	139.59	141.76	148.47
Federal	131.07	132.88	134.55	135.74	149.92
State and Local	137.65	139.87	142.63	145.46	147.57

## Percent Change, Annual Rate

Gross Domestic Product	2.84	2.63	1.12	3.41	3.99
Total Demand	3.96	4.02	4.96	5.24	5.39
Domestic Demand	4.02	3.51	4.24	4.98	6.43
Domestic Final Demand	4.00	3.54	4.29	4.77	6.43
Final Demand	2.82	2.66	1.17	3.97	4.68
Personal Consumption Expenditures	4.31	3.61	4.26	4.92	3.47
Durable Goods	-1.56	-0.08	-1.58	0.02	-0.38
Nondurable Goods	8.37	6.66	6.53	6.71	3.20
Services	3.48	2.82	4.21	4.69	4.11
Gross Private Domestic Investment	1.35	-0.49	0.38	2.77	2.02
Fixed Investment	1.20	-0.24	0.80	1.59	2.05
Nonresidential	1.69	0.60	2.26	3.13	3.21
Equipment and Software	0.36	-0.41	1.70	2.01	1.82
Structures	4.49	2.65	3.32	5.04	5.59
Residential	-0.05	-2.58	-3.47	-1.91	-0.64
Exports	6.21	9.06	10.84	3.70	-1.72
Imports	12.81	12.79	28.82	9.17	8.80
Government Purchases	5.12	6.25	7.03	6.36	20.33
Federal	2.25	5.64	5.14	3.58	48.79
State and Local	6.81	6.60	8.15	8.18	5.93

## INCOME SIDE

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GDP, National Income and Personal Income

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Billions of Current Dollars, SAAR					
Gross Domestic Product	14031.20	14150.80	14294.50	14424.38	14523.10
Plus:					
Receipts of Factor Income	907.40	843.20	822.80	841.22	859.80
Less:					
Payments of Factor Income	742.00	705.10	708.90	722.17	735.44
Equals: Gross National Product	14196.60	14289.00	14408.30	14543.44	14647.46
Less:					
Consumption of Fixed Capital	1758.60	1778.00	1803.10	1812.91	1815.62
Equals: Net National Product	12438.00	12511.10	12605.20	12730.84	12831.92
Indirect Business Taxes	1027.66	1025.76	1039.35	1047.48	1060.48
Business Transfers	103.10	103.20	102.10	96.98	92.49
Statistical Discrepancy	13.90	63.40	98.40	91.18	84.66
Net Subsidies	52.34	50.64	50.81	50.59	50.34
National Income	12424.10	12447.60	12506.90	12639.67	12747.27
Corporate Profits	1611.10	1593.50	1533.30	1537.57	1569.02
Net Interest	688.10	662.30	683.40	695.01	702.88
Contribution for Soc. Ins.	975.26	992.20	997.00	1004.41	1009.12
Personal	505.70	515.75	518.30	521.23	521.80
Employer	469.56	476.45	478.70	483.18	487.32
Personal Interest Income	1242.70	1224.60	1208.70	1234.39	1260.62
Personal Dividend Income	813.50	829.50	843.60	857.12	867.14
Government Transfers	1704.73	1745.82	1893.86	1833.18	1863.41
Business Transfers (to persons)	33.10	32.20	32.40	32.61	32.82
Personal Income	11872.10	11960.50	12188.90	12271.81	12394.03
Percent Change, Annual Rate					
Gross Domestic Product	2.33	3.45	4.12	3.68	2.77
Plus:					
Receipts of Factor Income	4.02	-25.44	-9.33	9.26	9.13
Less:					
Payments of Factor Income	-20.70	-18.46	2.17	7.70	7.56
Equals: Gross National Product	3.86	2.63	3.38	3.80	2.89
Less:					
Consumption of Fixed Capital	6.31	4.49	5.77	2.19	0.60
Equals: Net National Product	3.52	2.37	3.04	4.05	3.21
Indirect Business Taxes	3.35	-0.74	5.41	3.17	5.06
Business Transfers	3.57	0.39	-4.20	-18.59	-17.29
National Income	2.80	0.76	1.92	4.31	3.45
Corporate Profits	-13.03	-4.30	-14.28	1.12	8.43
Net Interest	16.03	-14.18	13.37	6.97	4.61
Contribution for Social Insurance	3.87	7.13	1.95	3.00	1.89
Personal	3.87	8.19	1.99	2.28	0.44
Employer	3.87	6.00	1.91	3.79	3.47
Personal Interest Income	2.12	-5.70	-5.09	8.78	8.77
Personal Dividend Income	9.80	8.10	6.97	6.56	4.76
Government Transfers	4.01	9.99	38.48	-12.21	6.76
Business Transfers (to persons)	7.59	-10.44	2.51	2.68	2.60
Personal Income	4.92	3.01	7.86	2.75	4.04

GDP, National Income and Personal Income  
Components of Personal Income  
2007Q4 2008Q1 2008Q2 2008Q3 2008Q4

Billions of Current Dollars, SAAR

Wages and Salaries	6465.50	6518.00	6568.60	6627.28	6683.13
Commod Prod Industries	1218.20	1217.70	1216.30	1226.64	1235.44
Manufacturing	750.20	748.40	748.50	749.97	751.19
Others	468.00	469.30	467.80	476.67	484.24
Distributive Industries*	1048.30	1050.40	1049.30	1048.79	1053.18
Service Industries	3106.90	3140.20	3179.70	3216.17	3247.22
Government	1092.10	1109.70	1123.40	1135.75	1147.45
Other Labor Income	1475.50	1491.70	1503.10	1514.14	1526.00
Proprietors Income	1073.80	1071.70	1076.90	1086.06	1097.11
Farm	47.10	41.60	38.00	30.88	31.13
Business and Profess.	1026.70	1030.10	1039.00	1055.18	1065.98
Rental Income of Persons	38.60	39.10	58.60	74.82	78.95
Interest Paid by Persons	276.70	261.70	253.80	252.46	254.18
Other Interest	966.00	962.90	954.90	981.93	1006.44
Transfer Payments	1737.80	1778.10	1926.30	1857.41	1889.60
Contributions for Social In	505.70	515.75	518.30	521.23	521.80
Personal Tax & Nontax P.	1520.55	1534.98	1354.09	1497.78	1552.58
Disposable Income	10351.50	10425.50	10834.80	10774.00	10841.45
Addendum:					
Domestic Final Sales	14754.7	14882.3	15084.6	15180.2	15276.8

Percent Change, Annual Rate

Wages and Salaries	5.62	3.29	3.14	3.62	3.41
Commod Prod Industries	4.70	-0.16	-0.46	3.44	2.90
Manufacturing	3.71	-0.96	0.05	0.79	0.65
Others	6.31	1.12	-1.27	7.80	6.51
Distributive Industries*	5.12	0.80	-0.42	-0.20	1.69
Service Industries	6.64	4.36	5.13	4.67	3.92
Government	4.25	6.60	5.03	4.47	4.19
Other Labor Income	3.86	4.46	3.09	2.97	3.17
Proprietors Income	3.81	-0.78	1.96	3.45	4.13
Farm	-2.51	-39.15	-30.38	-56.39	3.23
Business and Profess.	4.12	1.33	3.50	6.38	4.16
Rental Income of Persons	-27.28	5.28	404.53	165.76	23.99
Interest Paid by Persons	-2.14	-19.98	-11.54	-2.09	2.75
Other Interest	3.38	-1.28	-3.28	11.81	10.36
Transfer Payments	4.06	9.60	37.74	-13.56	7.12
Contribution for Social Ins	3.87	8.19	1.99	2.28	0.44
Personal Tax & Nontax P.	5.15	3.85	-39.44	49.69	15.46
Disposable Income	4.89	2.89	16.65	-2.23	2.53
Addendum:					
Domestic Final Sales	4.02	3.50	5.55	2.56	2.57

\*Distributive Industries are Transportation, Public Utilities excluding the U.S. Postal Service, and Wholesale and Retail Trade

## MONTHLY ECONOMIC INDICATORS for PERSONAL CONSUMPTION EXPENDITURES, GOVERNMENT PURCHASES, and CONSTRUCTION INVESTMENT

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
RETAIL SALES (RS), Billions of Current Dollars, SA									
RS, Total Retail Sales	342.73	345.43	345.64	343.62	342.53	345.96	347.77	349.27	351.19
RS, Durable Goods Stores	118.06	118.29	115.91	113.01	113.53	114.89	115.44	115.88	116.46
RS, Bldg Materials, Hardware	27.34	28.02	27.84	27.93	27.31	27.59	27.73	27.83	28.05
RS, Auto Dealers	71.76	71.12	69.21	66.25	67.51	68.66	68.88	69.10	69.04
RS, Furn, Home Furn & Equip	9.46	9.50	9.32	9.28	9.28	9.37	9.44	9.49	9.57
RS, Nondurable Goods Stores	218.56	220.99	223.32	223.97	223.13	224.56	225.36	226.02	227.25
RS, Food Stores	48.96	48.89	49.41	49.61	49.95	49.94	50.14	50.28	50.41
RS, Gas Service Stations	42.55	43.95	45.33	45.43	44.30	44.07	44.08	43.51	43.89
RS, Apparel and Accessories	18.97	19.09	19.07	19.15	19.09	19.29	19.39	19.49	19.58
RS, New Domestic Cars, SAA	4.95	5.27	4.88	4.44	4.49	4.32	4.50	4.60	4.55
RS, New Dom Light Trucks, SAA	5.74	5.19	5.06	4.62	5.93	5.21	5.28	5.29	5.33

RECEIPTS AND OUTLAYS OF THE FEDERAL GOVERNMENT, Billions of Current Dollars, NSA									
Federal Govt Total Outlays	255.30	288.46	195.31	288.38	271.37	213.19	284.07	248.45	238.52
Federal Govt Debt Outstanding	9303.52	9328.80	9432.27	9524.05	9584.09	9637.19	9695.14	9759.46	9837.74

HOUSING STARTS, Millions, SAAR									
Housing Starts, Total	1.0040	0.9820	1.0890	0.9540	0.8950	0.9407	0.9292	0.9264	0.9441

NEW CONSTRUCTION PUT IN PLACE, Billions of Current Dollars, SAAR									
New Const, Residential Bldgs	383.49	371.39	356.44	342.48	343.64	342.14	341.04	336.93	334.45
New Const, Nonresident Bldgs	400.19	412.76	423.95	419.30	415.95	421.43	421.82	424.02	427.13
New Const, Federal Government	22.62	22.61	22.89	23.81	24.08	23.66	24.02	24.10	24.20
New Const, State & Local Govt	278.87	281.54	283.30	286.22	288.46	288.63	289.32	290.16	291.20

## Percent Change, Monthly Rate

RETAIL SALES (RS)									
RS, Total Retail Sales	0.11	0.79	0.06	-0.58	-0.32	1.00	0.52	0.43	0.55
RS, Durable Goods Stores	-1.32	0.20	-2.02	-2.50	0.46	1.20	0.48	0.38	0.50
RS, Bldg Materials, Hardware	2.24	2.48	-0.63	0.32	-2.21	1.00	0.53	0.36	0.77
RS, Auto Dealers	-3.09	-0.90	-2.69	-4.27	1.90	1.70	0.33	0.32	-0.09
RS, Furn, Home Furn & Equip	-0.23	0.50	-1.97	-0.35	0.02	0.96	0.69	0.60	0.77
RS, Nondurable Goods Stores	0.73	1.11	1.06	0.29	-0.38	0.64	0.36	0.29	0.54
RS, Food Stores	0.76	-0.14	1.05	0.42	0.67	-0.01	0.39	0.29	0.27
RS, Gas Service Stations	0.61	3.28	3.16	0.21	-2.49	-0.51	0.02	-1.29	0.86
RS, Apparel and Accessories	0.54	0.64	-0.12	0.42	-0.33	1.05	0.50	0.51	0.51
RS, New Domestic Cars, SAAR	-0.84	6.55	-7.46	-8.96	1.19	-3.81	4.17	2.30	-1.11
RS, New Dom Light Trucks, SA	-7.61	-9.58	-2.45	-8.77	28.43	-12.14	1.30	0.18	0.83

RECEIPTS AND OUTLAYS OF THE FEDERAL GOVERNMENT									
Federal Govt Total Outlays	27.28	12.99	-32.29	47.65	-5.90	-21.44	33.25	-12.54	-4.00
Federal Govt Debt Outstanding	-0.63	0.27	1.11	0.97	0.63	0.55	0.60	0.66	0.80

HOUSING STARTS									
Housing Starts, Total	1.62	-2.19	10.90	-12.40	-6.18	5.11	-1.22	-0.31	1.91

NEW CONSTRUCTION PUT IN PLACE									
New Const, Residential Bldgs	-2.08	-3.16	-4.02	-3.92	0.34	-0.44	-0.32	-1.20	-0.74
New Const, Nonresidential Bldgs	0.55	3.14	2.71	-1.10	-0.80	1.32	0.09	0.52	0.73
New Const, Federal Government	1.61	-0.06	1.24	4.03	1.10	-1.73	1.53	0.35	0.41
New Const, State & Local Govt	0.11	0.95	0.63	1.03	0.78	0.06	0.24	0.29	0.36

## MONTHLY ECONOMIC INDICATORS for GROSS PRIVATE DOMESTIC INVESTMENT and NET EXPORTS

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
INDUSTRIAL PRODUCTION, Index 2002=100, SA									
Industrial Production, Total	111.44	111.28	111.51	111.57	110.30	110.11	110.27	110.26	110.38
MANUFACTURERS' SHIPMENTS/INVENTORIES/ORDERS, Billions of Current Dollars, SA									
Manufacturers' New Orders	445.92	450.03	459.58	462.99	444.37	453.42	453.55	452.57	456.95
Manufacturers' Shipments	446.03	447.41	455.87	462.38	446.02	450.65	451.73	450.98	453.38
Manufacturers' Unfilled Orders	802.97	810.29	818.02	824.23	827.21	832.36	836.97	842.10	847.38
MANUFACTURED DURABLE GOODS, Billions of Current Dollars, SA									
Nondefense Capital Goods Shipmt	67.88	67.71	68.19	69.05	66.82	67.99	68.54	68.09	68.42
BUSINESS INVENTORIES, Billions of Current Dollars, SA									
Inventories, Manufacturers	545.63	548.83	555.63	559.07	562.45	566.07	568.82	571.62	574.24
Inventories, Merchant Wholesale	427.56	431.27	435.15	441.82	445.39	448.33	452.44	456.00	458.88
Inventories, Retail Traders	501.05	499.67	500.10	507.68	508.84	510.49	512.81	514.55	516.72
U.S. MERCHANDISE TRADE, Millions of Current Dollars, SA									
Exports, FAS	110835	111544	117014	121662	118716	121190	123019	124527	125879
Imports, CIF	181418	182355	186816	193922	187908	192336	193709	192714	195911
Exports, Mach and Transp Equipm	41907	41490	41803	42534	42097	42995	43172	43402	43685
Imports, Mach and Transp Equipm	64996	63014	61850	65366	59118	62637	63452	61990	63056
Percent Change, Monthly Rate									
INDUSTRIAL PRODUCTION									
Industrial Production, Total	-0.52	-0.15	0.20	0.06	-1.14	-0.17	0.14	-0.01	0.12
MANUFACTURERS' SHIPMENTS/INVENTORIES/ORDERS									
Manufacturers' New Orders	1.29	0.92	2.12	0.74	-4.02	2.04	0.03	-0.22	0.97
Manufacturers' Shipments	2.68	0.31	1.89	1.43	-3.54	1.04	0.24	-0.16	0.53
Manufacturers' Unfilled Orders	0.73	0.91	0.95	0.76	0.36	0.62	0.55	0.61	0.63
MANUFACTURED DURABLE GOODS									
Nondefense Capital Goods Shipmt	1.80	-0.25	0.71	1.25	-3.23	1.76	0.81	-0.66	0.49
BUSINESS INVENTORIES									
Inventories, Manufacturers	-0.03	0.59	1.24	0.62	0.61	0.64	0.49	0.49	0.46
Inventories, Merchant Wholesale	1.39	0.87	0.90	1.53	0.81	0.66	0.91	0.79	0.63
Inventories, Retail Traders	0.22	-0.28	0.09	1.52	0.23	0.32	0.45	0.34	0.42
U.S. MERCHANDISE TRADE									
Exports, FAS	5.02	0.64	4.90	3.97	-2.42	2.08	1.51	1.23	1.09
Imports, CIF	5.57	0.52	2.45	3.80	-3.10	2.36	0.71	-0.51	1.66
Exports, Mach and Transp Equip	9.24	-0.99	0.75	1.75	-1.03	2.13	0.41	0.53	0.65
Imports, Mach and Transp Equip	9.02	-3.05	-1.85	5.69	-9.56	5.95	1.30	-2.30	1.72

## MONTHLY ECONOMIC INDICATORS for CHAIN PRICE INDEXES

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
CONSUMER PRICE INDEX (CPI), 1982-1984=100, SA									
CPI, All Urban Consumers	213.74	215.13	217.40	219.18	218.88	219.49	220.43	221.23	222.21
CPI, Durables	111.42	111.23	111.26	111.43	111.14	111.05	110.94	110.87	110.86
CPI, Furniture	124.56	123.49	124.00	124.62	124.78	124.93	124.85	124.64	124.55
CPI, Housekeeping Supplies	174.83	175.43	175.60	176.20	176.51	177.04	177.57	178.12	178.66
CPI, Nondurables	204.71	207.83	212.72	215.07	213.12	212.79	214.12	213.40	213.76
CPI, Apparel and Upkeep	118.36	118.04	118.11	119.57	120.16	120.44	120.66	120.86	121.06
CPI, Food and Beverages	211.44	212.09	213.61	215.54	216.78	217.90	219.00	220.10	221.19
CPI, Motor Oil, Fuel,	276.57	292.24	321.62	334.73	320.65	313.30	315.90	313.60	311.05
CPI, Services	253.46	254.64	255.87	257.27	257.64	258.77	259.53	260.66	261.45
CPI, New cars	134.77	134.69	134.99	135.30	134.55	134.46	134.60	134.70	134.84
PRODUCER PRICE INDEX (PPI), 1982=100, SA									
PPI, Finished Goods	176.10	178.50	181.70	183.90	182.20	183.23	184.49	185.34	186.95
PPI, Capital Equipment	152.50	152.70	153.10	154.30	154.50	155.10	155.74	156.23	156.78
PPI, Intermediate Materials	187.10	192.00	196.10	201.40	199.40	201.01	202.78	203.98	205.40
PPI, Components for Construction	200.00	203.20	206.20	209.80	213.00	215.28	217.18	218.72	219.83
PRICES RECEIVED BY FARMERS, Index, 1910-14=100, SA									
Index of Prices Recvd by Farmer	924.00	955.00	1004.00	1011.00	992.00	981.00	975.62	977.75	984.48
U.S. EXPORT/IMPORT PRICES, Index, 1995=100, SA									
U.S. Export Price Index	124.40	124.80	126.10	128.00	125.80	124.60	124.95	124.83	124.80
U.S. Import Price Index	137.30	141.20	145.50	147.60	143.80	139.50	137.68	136.97	136.77
Percent Change, Monthly Rate									
CONSUMER PRICE INDEX (CPI)									
CPI, All Urban Consumers	0.21	0.65	1.06	0.82	-0.14	0.28	0.43	0.36	0.44
CPI, Durables	-0.34	-0.17	0.03	0.15	-0.26	-0.08	-0.10	-0.06	-0.01
CPI, Furniture	-1.12	-0.86	0.42	0.50	0.12	0.12	-0.06	-0.17	-0.07
CPI, Housekeeping Supplies	0.69	0.34	0.10	0.35	0.17	0.30	0.30	0.31	0.31
CPI, Nondurables	0.48	1.53	2.35	1.10	-0.90	-0.16	0.63	-0.34	0.17
CPI, Apparel and Upkeep	0.46	-0.27	0.05	1.24	0.49	0.23	0.18	0.17	0.17
CPI, Food and Beverages	0.92	0.31	0.72	0.90	0.57	0.52	0.50	0.51	0.49
CPI, Motor Oil, Fuel	-1.92	5.67	10.05	4.08	-4.21	-2.29	0.83	-0.73	-0.81
CPI, Services	0.30	0.47	0.48	0.55	0.14	0.44	0.29	0.44	0.30
CPI, New Cars	-0.19	-0.06	0.22	0.23	-0.56	-0.07	0.11	0.07	0.11
PRODUCER PRICE INDEX (PPI)									
PPI, Finished Goods	0.28	1.36	1.79	1.21	-0.92	0.57	0.69	0.46	0.87
PPI, Capital Equipment	0.59	0.13	0.26	0.78	0.13	0.39	0.41	0.32	0.35
PPI, Intermediate Materials	1.03	2.62	2.14	2.70	-0.99	0.81	0.88	0.59	0.69
PPI, Components for Construction	1.42	1.60	1.48	1.75	1.53	1.07	0.89	0.71	0.51
PRICES RECEIVED BY FARMERS									
Index of Prices Recvd by Farmer	-0.54	3.35	5.13	0.70	-1.88	-1.11	-0.55	0.22	0.69
U.S. EXPORT/IMPORT PRICES									
U.S. Export Price Index	0.48	0.32	1.04	1.51	-1.72	-0.95	0.28	-0.10	-0.02
U.S. Import Price Index	2.85	2.84	3.05	1.44	-2.57	-2.99	-1.31	-0.51	-0.15

## MONTHLY ECONOMIC INDICATORS for PERSONAL INCOME

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
EMPLOYEES (EMP) on Nonfarm Payrolls, Millions, SA									
EMP, Total	137.764	137.717	137.617	137.550	137.477	137.318	137.261	137.204	137.162
EMP, Manufacturing	13.592	13.571	13.527	13.487	13.431	13.380	13.346	13.315	13.287
EMP, Services	116.136	116.140	116.126	116.113	116.097	116.015	116.085	116.130	116.210
EMP, Wholesale and Retail Trade	21.400	21.370	21.359	21.320	21.285	21.241	21.229	21.202	21.190
EMP, Government	22.401	22.453	22.463	22.502	22.533	22.542	22.568	22.593	22.618
EMP, Federal Government	1.996	2.007	2.013	2.019	2.025	2.032	2.033	2.034	2.034
EMP, State and Local Governme	21.628	21.577	21.491	21.437	21.380	21.303	21.254	21.212	21.178
Total Unemployed, Millions	7.626	8.487	8.499	8.784	9.376	9.477	9.718	9.922	10.034

AVERAGE WEEKLY HOURS (AWH) of Production Workers, SA									
AWH, Total Private	33.80	33.70	33.70	33.70	33.70	33.60	33.63	33.63	33.60
AWH, Manufacturing	41.00	41.00	41.00	41.00	40.90	40.70	40.80	40.80	40.78
AWH, Services	30.20	30.10	30.10	30.00	30.10	30.10	30.05	30.06	30.03
AWH, Wholesale and Retail Trade	38.30	38.30	38.30	38.40	38.30	38.10	38.24	38.22	38.17

AVERAGE HOURLY EARNINGS (AHE) of Production Workers, Current Dollars, SA									
AHE, Manufacturing	17.62	17.65	17.71	17.78	17.75	17.79	17.84	17.87	17.91
AHE, Services	12.85	12.90	12.90	12.90	12.95	12.93	12.95	12.97	12.98
AHE, Wholesale and Retail Trade	20.05	20.06	20.12	20.16	20.30	20.25	20.33	20.40	20.42

AVERAGE WEEKLY EARNINGS (AWE) of Production Workers, Current Dollars									
AWE, Total Private	604.68	604.92	606.60	608.62	611.32	610.51	612.88	614.99	616.25
Percent Change, Monthly Rate									

EMPLOYEES (EMP) ON NONFARM PAYROLLS									
EMP, Total	-0.049	-0.034	-0.073	-0.049	-0.053	-0.116	-0.041	-0.042	-0.030
EMP, Manufacturing	-0.381	-0.155	-0.324	-0.296	-0.415	-0.380	-0.254	-0.232	-0.213
EMP, Services	0.036	0.003	-0.012	-0.011	-0.014	-0.071	0.060	0.039	0.068
EMP, Wholesale and Retail Trade	-0.261	-0.140	-0.051	-0.183	-0.164	-0.207	-0.058	-0.126	-0.054
EMP, Government	0.107	0.232	0.045	0.174	0.138	0.040	0.115	0.113	0.110
EMP, Federal Government	0.453	0.551	0.299	0.298	0.297	0.346	0.062	0.057	-0.009
EMP, State and Local Governme	-0.501	-0.236	-0.399	-0.251	-0.266	-0.360	-0.228	-0.198	-0.160
Total Unemployed, Millions	-2.418	11.290	0.141	3.353	6.740	1.077	2.546	2.096	1.133

AVERAGE WEEKLY HOURS (AWH) OF PRODUCTION WORKERS									
AWH, Total Private	0.00	-0.30	0.00	0.00	0.00	-0.30	0.09	-0.01	-0.07
AWH, Manufacturing	-0.49	0.00	0.00	0.00	-0.24	-0.49	0.25	-0.01	-0.06
AWH, Services	0.00	-0.33	0.00	-0.33	0.33	0.00	-0.18	0.05	-0.09
AWH, Wholesale and Retail Trade	-0.26	0.00	0.00	0.26	-0.26	-0.52	0.36	-0.05	-0.12

AVERAGE HOURLY EARNINGS (AHE) OF PRODUCTION WORKERS									
AHE, Manufacturing	0.06	0.17	0.34	0.40	-0.17	0.23	0.25	0.21	0.22
AHE, Services	-0.08	0.39	0.00	0.00	0.39	-0.15	0.19	0.11	0.10
AHE, Wholesale and Retail Trade	0.10	0.05	0.30	0.20	0.69	-0.25	0.38	0.38	0.08

AVERAGE WEEKLY EARNINGS (AWE) OF PRODUCTION WORKERS									
AWE, Total Private	0.11	0.04	0.28	0.33	0.44	-0.13	0.39	0.34	0.21

## MONTHLY FINANCIAL INDICATORS

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
MONEY SUPPLY, Billions of Dollars, SA									
Money Supply (M1)	1371.3	1368.1	1386.2	1403.3	1394.0	1397.0	1400.8	1403.7	1410.0
Money Supply (M2)	7631.2	7640.5	7638.5	7679.3	7669.8	7677.3	7700.7	7718.3	7743.9
Money Supply (M3)	7581.8	7661.5	7739.1	7815.4	7891.2	7966.8	8042.5	8118.4	8194.8
INTEREST RATES (IR), Percent Per Annum									
IR, Treasury Bill, 6 Month	1.58	1.86	2.19	1.98	1.97	1.64	1.41	1.38	1.32
IR, Commercial Paper, 2 month	2.06	2.01	2.15	2.13	2.08	2.11	2.11	2.12	2.12
Yields, US Govt Bond, 1 year	1.74	2.05	2.42	2.28	2.18	1.91	1.63	1.61	1.68
Yields, US Govt Bond, 10 Year	3.68	3.88	4.10	4.01	3.89	3.69	3.62	3.67	3.66
FOREIGN EXCHANGE VALUE, March 1973=100									
Weighted Average Value of US\$	95.48	95.83	96.09	95.40	97.93	100.30	101.21	101.66	101.99
STOCK MARKET									
New York Stock Exchange Index	9174.1	9429.0	8997.0	8427.4	8362.2	7886.3	7827.9	7831.4	7844.0
Dividend to (Stock) Price Ratio	2.09	2.07	2.15	2.28	2.23	2.36	2.40	2.39	2.38
CONSUMER INSTALLMENT CREDIT, Millions of Dollars, SA									
Consumer Credit Outstanding	2564.15	2571.09	2579.98	2585.22	2577.34	2581.90	2586.98	2592.31	2598.39
Percent Change, Monthly Rate									
MONEY SUPPLY									
Money Supply, (M1)	-0.29	-0.23	1.32	1.23	-0.66	0.21	0.27	0.21	0.45
Money Supply, (M2)	0.17	0.12	-0.03	0.53	-0.12	0.10	0.31	0.23	0.33
Money Supply, (M3)	1.40	1.05	1.01	0.99	0.97	0.96	0.95	0.94	0.94
INTEREST RATES (IR), Monthly Change									
IR, Treasury Bill, 6 Month	0.08	0.28	0.32	-0.21	-0.01	-0.33	-0.23	-0.03	-0.07
IR, Commercial Paper, 6 Month	-0.26	-0.05	0.15	-0.03	-0.05	0.04	-0.00	0.01	-0.01
Yields, US Govt Bond, 1 Year	0.19	0.31	0.37	-0.14	-0.11	-0.26	-0.28	-0.02	0.07
Yields, US Govt Bond, 10 Year	0.17	0.21	0.22	-0.09	-0.12	-0.20	-0.06	0.05	-0.01
FOREIGN EXCHANGE VALUE									
Weighted Average Value of US\$	-0.30	0.37	0.27	-0.71	2.65	2.42	0.90	0.44	0.32
STOCK MARKET									
New York Stock Exchange Index	4.53	2.78	-4.58	-6.33	-0.77	-5.69	-0.74	0.04	0.16
Dividend to (Stock) Price Ratio	-3.69	-0.96	3.86	6.05	-2.19	5.83	1.66	-0.37	-0.43
CONSUMER INSTALLMENT CREDIT									
Consumer Credit Outstanding	0.40	0.27	0.35	0.20	-0.30	0.18	0.20	0.21	0.23

**FORECAST SUMMARY: PESSIMISTIC SCENARIO**  
**GROSS DOMESTIC PRODUCT**  
**Billions of (Chained 2000) Dollars, S.A.A.R.**

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
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Real GDP					
(i) Expenditure Side GDP	11620.7	11646.0	11727.4	11685.1	11627.0
% Previous Q, A.R.	-0.17	0.87	2.83	-1.43	-1.98
% Year before	2.33	2.54	2.05	0.51	0.05
(ii) Income Side GDP	11620.7	11646.0	11727.4	11729.2	11694.4
% Previous Q, A.R.	-0.17	0.87	2.83	0.06	-1.18
% Year before	2.33	2.54	2.05	0.89	0.63
(iii) Principal Components est. GDP	11620.7	11646.0	11727.4	11722.2	11734.7
% Previous Q, A.R.	-0.17	0.87	2.83	-0.18	0.42
% Year before	2.33	2.54	2.05	0.83	0.98
Average Real GDP	11620.7	11646.0	11727.4	11712.2	11685.3
% Previous Q, A.R.	-0.17	0.87	2.83	-0.52	-0.91
% Year before	2.33	2.54	2.05	0.74	0.56
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GDP Deflator (2000=100)					
(i) Expenditure Side PGDP	120.8	121.6	122.0	123.0	124.2
% Previous Q, A.R.	2.84	2.63	1.12	3.41	3.99
% Year before	2.62	2.25	2.02	2.50	2.78
(ii) Income Side PGDP: Same as (i)	120.8	121.6	122.0	123.0	124.2
% Previous Q, A.R.	2.84	2.63	1.12	3.41	3.99
% Year before	2.62	2.25	2.02	2.50	2.78
(iii) Principal Components est. PGDP	120.8	121.6	122.0	122.9	123.8
% Previous Q, A.R.	2.84	2.63	1.12	3.21	3.04
% Year before	2.62	2.25	2.02	2.45	2.50
Average GDP Deflator	120.8	121.6	122.0	123.0	124.1
% Previous Q, A.R.	2.84	2.63	1.12	3.35	3.68
% Year before	2.62	2.25	2.02	2.48	2.69
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Nominal GDP					
(i) Expenditure Side GDP\$	14031.2	14150.8	14294.5	14370.3	14464.2
% Previous Q, A.R.	2.33	3.45	4.12	2.14	2.64
% Year before	4.94	4.74	4.05	3.01	3.09
(ii) Income Side GDP\$	14031.2	14150.8	14294.5	14424.4	14523.1
% Previous Q, A.R.	2.33	3.45	4.12	3.68	2.76
% Year before	4.94	4.74	4.05	3.40	3.51
(iii) Principal Components est. GDP\$	14031.2	14150.8	14294.5	14408.8	14532.6
% Previous Q, A.R.	2.33	3.45	4.12	3.24	3.48
% Year before	4.94	4.74	4.05	3.28	3.57
Average Nominal GDP	14031.2	14150.8	14294.5	14401.2	14506.6
% Previous Q, A.R.	2.33	3.45	4.12	3.02	2.96
% Year before	4.94	4.74	4.05	3.23	3.39

## EXPENDITURE SIDE

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## Real Gross Domestic Product

2007Q4 2008Q1 2008Q2 2008Q3 2008Q4

Billions of Chained (2000) Dollars, SAAR

Gross Domestic Product	11620.70	11646.00	11727.40	11685.14	11626.97
Total Demand	13587.20	13608.60	13653.40	13619.81	13583.33
Domestic Demand	12103.20	12105.80	12102.60	12012.53	11893.35
Domestic Final Demand	12109.80	12113.30	12153.00	12040.59	11923.35
Final Demand	11628.00	11653.70	11778.80	11691.93	11635.60
Personal Consumption Expenditures	8298.20	8316.06	8341.33	8272.00	8185.92
Durable Goods	1250.58	1237.01	1228.29	1185.24	1118.65
Nondurable Goods	2400.16	2397.94	2420.72	2397.90	2378.59
Services	4676.10	4704.35	4712.13	4699.80	4682.74
Gross Private Domestic Investment	1781.30	1754.70	1702.00	1678.56	1645.97
Fixed Investment	1788.20	1762.40	1754.90	1706.54	1675.96
Nonresidential	1414.70	1423.10	1431.80	1390.77	1392.99
Equipment and Software	1090.13	1088.61	1074.74	1020.44	1020.71
Structures	319.69	326.36	340.48	344.61	345.99
Residential	411.60	383.00	369.60	359.47	329.94
Change In Business Inventories	-8.10	-10.20	-50.60	-28.02	-30.00
Farm	10.50	6.00	2.40	-1.53	-0.64
Nonfarm	-20.59	-17.93	-55.10	-26.50	-29.35
Net Exports	-484.50	-462.00	-381.30	-348.48	-287.73
Exports	1482.10	1500.60	1544.70	1607.37	1690.00
Imports	1966.50	1962.60	1926.00	1955.85	1977.73
Government Purchases	2029.40	2039.10	2058.90	2061.87	2061.43
Federal	761.70	772.60	785.00	786.31	786.03
State and Local	1267.50	1266.70	1274.40	1275.57	1275.40

## Percent Change, Annual Rate

Gross Domestic Product	-0.17	0.87	2.83	-1.43	-1.98
Total Demand	-0.48	0.63	1.32	-0.98	-1.07
Domestic Demand	-1.05	0.09	-0.11	-2.94	-3.91
Domestic Final Demand	-0.14	0.12	1.32	-3.65	-3.84
Final Demand	0.80	0.89	4.36	-2.92	-1.91
Personal Consumption Expenditures	0.95	0.86	1.22	-3.28	-4.10
Durable Goods	0.38	-4.27	-2.79	-13.30	-20.65
Nondurable Goods	0.26	-0.37	3.85	-3.72	-3.18
Services	1.41	2.44	0.66	-1.04	-1.44
Gross Private Domestic Investment					
Fixed Investment	-6.19	-5.65	-1.69	-10.58	-6.98
Nonresidential	3.41	2.40	2.47	-10.98	0.64
Equipment and Software	0.98	-0.56	-5.00	-18.73	0.10
Structures	8.54	8.61	18.47	4.94	1.61
Residential	-27.01	-25.03	-13.28	-10.52	-29.03
Exports	4.41	5.09	12.28	17.24	22.20
Imports	-2.31	-0.79	-7.25	6.35	4.55
Government Purchases	0.81	1.93	3.94	0.58	-0.09
Federal	-0.52	5.85	6.58	0.67	-0.14
State and Local	1.56	-0.25	2.45	0.37	-0.05